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ABSTRACT

An historical overview of university management education and research in Canada is presented and issues relevant to the present status of management education and research opportunities are discussed. Management and administrative studies schools in Canada receive, on the average, about four percent of the operating budget of the university system. Although they account for over 12 percent of the undergraduate and graduate students, they employ less than five percent of the full-time faculty. The high student-teacher ratios in business schools severely limit the opportunity for research by faculty members. Although the number of doctoral students in business increased from 64 in 1970-1971 to 146 in 1977-1978, the number of degrees granted increased only from 4 to 12. The number of Canadians studying in the U.S. at the doctoral level in business decreased from 75 in 1969 to about 50 in 1978. Universities have limited admissions to business education programs in response to increased student interest in the programs. Financial support to the universities from the provincial governments generated by enrollment in business management schools has often been only partially allocated to the management schools for operating expenses. Canadian management schools are often unable to find qualified Canadian staff and increasingly rely on part-time faculty. It is suggested that (1) the federal government in Canada might increase its role in strengthening management education programs in Canadian universities and might encourage the private sector to assume a greater role in the management training field; (2) increased funding is needed for research on management; and (3) there is an urgent need to develop research methodology workshops for the management faculty. Special measures appear to be necessary to encourage Canadians to study management at the doctoral level in order to meet the demand for such graduates. (SC)

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# UNIVERSITY MANAGEMENT EDUCATION AND RESEARCH IN CANADA:

# SOME UNRESOLVED ISSUES

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First Draft

Prepared by:

Max von Zur-Muehlen

April 17, 1979

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## PREFACE

This draft report was presented to the Executive Meeting of the Canadian Federation of Deans of Management and Administrative Studies on April 17, 1979. Originally, this draft report was prepared for the May 30th meeting of the Consultative Group on Research and Graduate Education in Business, Management and Administrative Studies sponsored by the Social Sciences and Humanities Research Council of Canada. Preceding this meeting, the report will be also discussed at the General Meeting of the Canadian Federation of Deans of Management and Administrative Studies and at the Annual Meeting of the Administrative Sciences Association of Canada (May 28 and 29, 1979) at the Learned Societies, University of Saskatchewan - in Saskatoon.

The composition of the Consultative Group and its terms of reference are outlined in Appendix A. Although the author is a member of this Consultative Group and employed by Statistics Canada, the views and opinions expressed in this paper are his own and must not be construed as the official position of Statistics Canada or that of the Consultative Group.

The purpose of this background study is to present appropriate evidence, to analyze the information and discuss the implications, and to obtain feedback from the management faculty and their administrators, as part of the Consultative Group activities.

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GENERAL INTRODUCTION*

Many recent studies have focussed on the failure of the Canadian economy to realize its potential for growth. Management and leadership, in both the private and public sectors, are an intrinsic part of this issue, and hence, are receiving increased attention.

The Science Council has stated that "the Canadian economy is not responding adequately to the profound structural changes that are occurring elsewhere on the globe".[1] Similarly, the 15th Annual Report of the Economic Council, A Time for Reason, notes "...the importance of efforts to raise not only the skill level of Canadian labour but, perhaps more important, the level of managerial training and know-how".[2]

Two federal reports have focussed on the human element in Canadian managerial performance, particularly in the public sector. The Auditor-General asks, "Why do serious managerial weaknesses continue to persist even after years

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* Alf Chaiton's background material has been extremely helpful in drafting the introductory section of this report, and this is gratefully acknowledged. A forthcoming article by Max Clarkson in the Canadian Business Review deals partly with the same subject matter and the author has benefitted from reading the pre-publication draft.

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[1] John N.H. Britton and James M. Gilmour. The Weakest Link - A Technological Perspective on Canadian Industrial Underdevelopment, Summary. Science Council of Canada, October 1978, p. 61.

[2] Economic Council of Canada. A Time for Reason, Fifteenth Annual Review, Ottawa 1978, p. 61.

of conscientious efforts to overcome them?"[3], while the D'Avignon Committee suggests that "today's managers fall short in their management of their staffs," and asks, "Is managerial competence not seen to be an important factor in the system?"[4] This interest reflects an apparent change in the perception of the role and functions of management in Canada's development.

The Senate Special Committee on Science Policy (Lamontagne Committee) described management schools as the "main centres of research on the complex problems of R&D management and innovative strategies, since it is essential to build a coupling between research and training in this area".[5] However, the Committee did not pursue this issue in its four-volume report.

Likewise, public announcements of the Ministry of State for Science and Technology have focussed almost exclusively on the technological aspects of R&D.[6] In its six Background Papers MOSST suggests a new national priority: "to reach a target of 1.5% of Gross Domestic Product for

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[3] Conspectus of the 100th Annual Report of the Auditor General of Canada to the House of Commons, Ottawa, March 31, 1978.

[4] D'Avignon Committee Report, Personnel Management and the Merit Principle, November 1978.

[5] Report of the Special Committee of the Senate on Science Policy, A Science Policy for Canada. Volume I: A Critical Review: Past and Present, Ottawa, 1970; Volume II: Targets and Strategies for the Seventies, Ottawa 1972: Volume III: A Government Organization for the Seventies, Ottawa 1973; Volume IV: Progress and Unfinished Business, Ottawa 1977.

[6] Statement by the Honourable Judd Buchanan, House of Commons, June 1978. Measures to Strengthen and Encourage Research and Development in Canada.

R&D expenditures in Canada by 1983"[7] (the present level is less than 1%), but fails to treat the complex management considerations involved in achieving this objective.[8]

It is interesting to note that American and European literature on R&D spending invariably stresses managerial, specifically entrepreneurial, factors. In Canada, at least in the past, the importance of management is, at best, identified but not explored. "The term, management, is used to cover that group of individuals in private business, government business enterprises, government departments and other organizations who have special responsibilities for leadership."[9]

More than ten years ago, the Economic Council's Fifth Annual Review,[10] The Challenge of Growth and Change, drew attention to the managerial gap. The Council expressed concern over the scarcity of resources devoted to university business education and the urgent need to strengthen the capabilities of Canadian management. However, no initiative was taken by either the Economic Council itself or any other institution, even though the awareness that management is a critical factor persisted.

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[7] Ministry of State for Science and Technology, Six Background Papers, Ottawa, July 1978, Overview of Research and Development in Canada, p. 17.

[8] The present austerity measures seem now to be in conflict with this goal.

[9] D.J. Daly, "New Approaches to the Development of Managers", in Contemporary Issues in Canadian Personnel Administration, Harish C. Jain, Prentice-Hall of Canada Ltd., Toronto 1972, p. 25.

[10] Economic Council of Canada. The Challenge of Growth and Change, Fifth Annual Review, September 1968.

Don J. Daly of York University was almost alone in documenting the Canadian situation. His "Managerial Manpower in Canada" and other articles described Canada's managerial gap and the serious implications for the country's economic performance.[11] In a more recent study he says, "It takes Canada longer to introduce new technology than any of the (other) industrial countries...an important aspect of the problem is a lack of formal training in the relevant skills of management decision-making."[12]

Many of Canada's managers acquired their administrative skills from military experience in World War II. This group is reaching retirement, and those who replace them will need a different approach for a different era. And even though Canada possesses some outstanding managers, by any international standards, they are not as numerous as they might be.

Private sector institutions such as the Conference Board in Canada and the Canadian Manufacturers' Association, and federal departments such as Industry, Trade and Commerce, have not formally investigated possible connections between the quality of management and the apparent lack of entrepreneurial initiative, and Canada's economic performance.

The 1978 Report of the Royal Commission on Corporate Concentration,[13] with

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[11] D.J. Daly, "Managerial Manpower in Canada", in Contemporary Issues in Canadian Personnel Administration, Harish C. Jain, Prentice-Hall of Canada Ltd., Toronto 1972, p. 25.

[12] Noah M. Meltz, A National Manpower Strategy for the 1980's: The Role of the Canadian Labour Market, The Canadian Institute of Strategic Studies, Fall Seminar, Toronto, November 1978, p. 7.

[13] Report of the Royal Commission on Corporate Concentration, Ministry of Supply and Services, Canada, Ottawa 1978.

its 33 background studies, did not identify management as a crucial issue. The Science Council's Weakest Link - A Technological Perspective on Canadian Industrial Underdevelopment seems to have focussed almost exclusively on technological sovereignty and innovative capability as the major determinants of international competitiveness, without adequate recognition of the human-managerial dimensions of many problems.

This lack of explicit concern with the management element is especially unfortunate because Canada's industrial structure must move away from the traditional, often resource and service-based industries, to "third wave industrialization", in which the application of managerial as well as scientific technological knowledge is of paramount importance.

A number of explanations can be offered for the reluctance to investigate the managerial side of the Canadian economy more thoroughly. Factors such as motivation, aspiration, and attitudes toward risk are behavioural, not easily quantifiable, and therefore, do not fit neatly into cost-benefit analyses or other popular measures of productivity. Canadian studies have devoted more attention to concrete components of production like those of labour and capital, and issues like those of foreign ownership and technological gaps. The underdevelopment of manpower planning and labour market studies may stem from a disinclination to plan systematically for the future. The author has speculated that

> this aversion may have its roots in Canada's history where immediate tasks overshadowed long-term concerns and there is a certain hesitancy to undertake risk-oriented ventures. This reluctance has also been attributed partly to the

> Protestant ethic, which made planning seem an act of arrogance, besides being associated with Marxism.[14]

Another stumbling block has been that education, including, of course, management education in universities, is constitutionally a provincial responsibility, so federal and national agencies have hesitated to encroach on areas of provincial jurisdiction.

The Minister of Industry, Trade and Commerce observed almost ten years ago that

> the future performance of Canadian industry will increasingly depend on its ability to achieve and maintain a high level of managerial competence. To meet this challenge, Canadian industry must have available to it an adequate supply of professionally trained managers and ample facilities for periodic "upgrading" of practising executives. The main responsibility for meeting these additional needs for well-trained, up-to-date management teams lies with our universities.[15]

However, the attitude of Canadian universities toward professional education, in particular management education and research, has been ambiguous and ambivalent. The result was that support given management and administrative studies faculties was "woefully inadequate", according to an Economic Council assessment in 1968.[16]

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[14] Max von Zur-Muehlen, Concerns in Canadian Higher Education, Statistics Canada, January 1978, p. 1.

[15] Max von Zur-Muehlen, A Guide to Business Education Programs at Canadian Universities, Department of Industry, Trade and Commerce, Ottawa, 1970, Forward

[16] Economic Council of Canada, The Challenge of Growth and Change, Fifth Annual Review, September 1968, p. 44.

It is interesting to note that the Committee for an Independent Canada passed a resolution stating:

> There is a need for our universities to devote more personnel and budget resources towards improving the quality of business education in Canada...Both the public and private sectors of the economy should contribute funds for the financing of business research in Canada. Any such research program should concentrate upon the development of goals and techniques for Canadian management.[17]

By 1975 the Commission on Canadian Studies was also stressing the need for research into the educational programs for each profession. According to the report,

> such studies have received comparatively little attention in Canada. When they have been conducted, it has usually been in the context of one province, or region, or of a single institution, rather than on a national basis. Studies of professional education in the broader Canadian context are now badly needed in many different areas.[18]

However, there are indications of a change - of more interest in management and administration. The two books about Canadian business by Peter C. Newman: The Canadian Establishment and The Bronfman Dynasty, have both been best-sellers. The twenty-three industry studies by the Department of Industry, Trade and Commerce have drawn attention to administrative deficiencies that seem to prevail in some industrial sectors.[19] Some of these sectoral studies have

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[17] Abraham Rotstein and Gary Lax, Getting It Back, Toronto: Clarke Irwin, 1974, (Appendix, p. 301)

[18] T.H.B. Symons. The Report of the Commission on Canadian Studies - To Know Ourselves, Volumes I and II, Association of Universities and Colleges of Canada, 1975, p. 224.

[19] In 1978 the Department of Industry, Trade and Commerce produced 23 Industry Reports, which have been widely circulated.

identified the quality and style of Canadian management as the major contributing factor to the weakness in performance which exists in many companies. A recent CBC program also questioned managerial adequacy and made comparisons with the United States.[20]

The Science Council of Canada has expressed deep concern about the decline in federal support for science in the present decade. In constant (1971) dollars, R&D expenditures have remained at the 1970 level. However, by taking both inflation and growth into account, the effective funding has declined.[21] Although in 1978 the federal government had announced a major initiative, as already noted, to increase R&D expenditures in the future, the planned budgetary restraint programs for the fiscal year 1979-80 have partially offset this promise.

One aspect which seems not to have been adequately identified in this initiative is the highly qualified manpower required to achieve the planned objectives. It is unlikely that this large number of highly-trained personnel could be generated immediately, or in the short run, to effectively utilize the resources which might be placed at their disposal. It has been estimated that in order to achieve the spending target of 1.5 per cent of the GDP by 1983, industrial R&D must increase annually by 27 per cent, government R&D by 10 percent and university research by 30 per cent.[22] Canada's weakness appears to be particularly pronounced with regard to the development side of R&D and the availability of

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[20] CBC - "Fortune Series", How to Make a Million, Tuesday, Jan. 30, 10:30 p.m.

[21] J. Miedzinski and K.P. Beltzner, Federal Funding of Science in Canada: Apparent and Effective Levels, Science Council of Canada, Ottawa, 1978, p. 9 - 10.

[22] Serge Federoff, "University Research and the National R and D Program" in University Affairs, March 1979, p. 6.

instrumentation for innovation from the market point of view and its relations to the managerial decision-making process.

The relationship between R&D and the industrial sector, as well as the interface between science and technology have remained some of the under-explored topics in Canada in spite of the recent efforts by the federal and provincial governments to strengthen R&D expenditures in the private sector.[23] It is of particular importance to broaden the support for small and medium size technology oriented companies, and at the same time to improve their managerial capabilities and expertise, especially with regard to R&D management. The multinational companies, in most instances, are not in need of this supporting measure.

Private and public sector concern about "accountability" requires, in many instances, a re-orientation of the managerial role.[24] This, in turn, would lead to a reassessment of the type of education needed for the managers of the 1980's. As the president of the Conference Board in Canada recently observed:

> We don't see the self-made entrepreneurs of the past. In today's environment, things are very turbulent. We have to have managers who have new sets of skills. They have to be able to see a long way down the road, in many different kinds of situations.[25]

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[23] An Ad Hoc Advisory Committee on Research and Development of the Ministry of State for Science and Technology, Chaired by the Vice-Chairman, J.J. Shepherd, of the Science Council of Canada, is presently investigating some of these issues.

[24] The demise or financial predicament of some publicly run and supported companies, both at the federal and provincial levels, has been frequently attributed to the managerial shortcomings of these enterprises.

[25] James Nininger as quoted in Maclean's (February 19, 1979), "There's Room at the Top, but not too Much Fun", p. 40a.

A forthcoming conference on "Managing in the 1980's" will address itself to the environment of the next decade and the "effective managerial characteristics needed and their implications for management education".[26]

The second part of this article concentrates on Canadian university management education and research. It should be noted that these functions are not conducted exclusively by universities. The private and public sectors are involved, both formally and informally. And even within universities, business faculties educate only a certain portion of potential managers. Engineering and the liberal arts also provide managerial talent. Nevertheless, business schools are the major single source and simultaneously function as research centers.

The following discussion will first trace the evolution of university management education and research in Canada to 1970 by comparing it with the American experience.[27] The development of management and administration studies faculties during the 1970's will then be investigated, with particular attention to the current situation. Finally, implications for the 1980's will be explored, with some tentative suggestions for remedying apparent shortcomings.

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[26] This conference with supporting documentation is sponsored by the Economic Council of Canada, and the Canadian Federation of Deans of Management and Administration Studies in October 1979.

[27] In the late 1960's the author conducted a comprehensive review of university business education in Canada under the auspices of the Economic Council. This work resulted in two monographs and a number of supplementary reports and articles (see especially, Business Education Programs at Canadian Universities, published by the Department of Industry, Trade and Commerce, Information Canada, Ottawa, 1970, and Business Education and Faculty at Canadian Universities, published by the Economic Council of Canada, January 1971.)

UNIVERSITY BUSINESS EDUCATION: A HISTORICAL OVERVIEW

Prior to the 1950's, the development of Canadian university business programs was slow, unspectacular, and very uneven.[28] While it is difficult to make a general statement, the academic community seemed to feel that anything which might be practical or useful to industry and government was unworthy of university-level education, a perception which has continued in various forms to the present, despite many changes for the better which have occurred over the years.

University business education, following the example of the United States, underwent substantial changes, which was manifested twenty years ago in the reports of the Ford and Carnegie Foundations.[29] They provided a strong impetus for self-evaluation, with major recommendations stressing the importance of faculty improvement and the need for research. They also encouraged the utilization of disciplines, such as the behavioural sciences and quantitative methods, in the teaching and research of business subjects. Furthermore, they suggested that a greater emphasis should be placed on business education at the master and doctoral levels.

The impact of these reports on Canadian business schools was considerable, although much slower to take effect than in the United States. It came at a time when Canadian universities had already entered a slower growth

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[28] This section relies extensively on two earlier monographs by the author. (See footnote 27)

[29] Frank C. Pierson, The Education of American Businessmen (Toronto: McGraw-Hill, 1959). Robert Gordon and James Edwin Howell, Higher Education for Business, (New York: Columbia University Press, 1959)

phase. Some statistical documentation from this period provides an overview of the situation. During the Sixties, less than six percent of the full-time students at the undergraduate level were enrolled in commerce and business administration, as compared to a three-fold higher percentage in the United States. Not until the mid-Seventies did this proportion increase to over 10%.

It might be noted, in contrast to the United States, that at most Canadian universities commerce and business administration programs are at the honours level. This means one additional year of study and higher academic standards, with a traditionally strong emphasis on arts and sciences during the first two years of the four-year program. One result of this pattern was that proportionately fewer students graduated from these programs and thus accounted for less than 5 percent of all university graduates in the Sixties. Today their proportion has grown to 8%.

The most dramatic expansion in university business education took place at the MBA level. Whereas in 1959/60 only two MBA programs were in operation, their number grew to eighteen during the late Sixties and has now reached twenty-one. At the doctoral level the under-investment in university business education programs was particularly pronounced. Although the University of Western Ontario, with the support of the Ford Foundation, established the first Canadian doctoral program in business administration in 1962, a mere total of three students had graduated by 1970. Although several other universities have developed doctoral programs in management education, on

an average no more than a dozen Ph.D.'s have been awarded in recent years. Altogether there have been less than 100 Ph.D.'s in business subjects granted by Canadian universities.

Canada has depended heavily on the leading U.S. business schools. During the latter part of the Sixties, seventy-five Canadians were studying in the United States each year for their doctoral degrees in business. One result of this dependence has been that there are more faculty teaching at Canadian management schools who have received their doctoral degrees from the University of California, rather than from Canadian business schools.

One reason for this dilemma has been the inadequacy of the Canada Council's doctoral fellowship program, which de-emphasized support for professional disciplines. As a result, less than 100 holders of doctoral degrees in business were supported during the Sixties, as compared to well over 1,000 in political science and economics. Although this pattern improved during the Seventies, the proportion of doctoral students in business supported by the Social Sciences and Humanities Research Council now account for slightly less than 2% of all the doctoral students supported by SSHRC. For example, in recent years only about 25 doctoral students were studying abroad or in Canada with support from the SSHRC, and the success rate of new applicants was less than one-third. If one relates these figures to the past and present demand for business faculty, an imbalance is evident.

While the full-time equivalent enrolment in business, both at the undergraduate and graduate levels, accounted for an average of 7% of the overall enrolment,

only between two and three percent of the faculty were teaching business subjects in the Sixties. The equivalent full-time enrolment has now increased to about 12%, but full-time faculty has grown to only slightly more than 4%. As a consequence, the student-teacher ratio for business faculty is two to three times higher than for most other disciplines.

This heavy demand for teaching has had a detrimental impact on the research commitment of the management faculty, whose research tradition was only evolving and apparently being held back by the lack of research support. Historically, the research support for business faculty appears to have remained underdeveloped. It is difficult to determine whether the reasons for the lack of support can be found in the nature of management research and its quality, or in the criteria established by the academic community and their funding agencies. The Canada Council, which has been the main funding source for curiosity-oriented research, seemed to develop a value system in which professional disciplines such as management, education, and social work had less chance of obtaining support. This system in turn might have discouraged applications and is thus reflected in the success ratio for research grants of the business faculty, which has remained substantially below that of the pure humanities and social sciences - about 50% for the business faculty and 75% for the humanities and social sciences during the last eight years. At the same time, an average of less than 2% of the business faculty applied each year, as compared to 7% applying from the humanities and social sciences.

Similarly, in the sabbatical (leave) fellowship category the success ratio has remained substantially below that of most other disciplines. For the eight-year period from 1970/71 to 1978/79 this ratio was less than one-third in comparison with well over 50% for the "pure" disciplines in the humanities and social sciences. Confirming the trend of the research grant applications, the proportion of management faculty who applied each year for a leave fellowship has remained substantially below that of the other disciplines.

It is difficult to substantiate a cause and effect relationship, but it has been suggested that the definition developed and the criteria applied by the Social Sciences and Humanities Research Council, formerly the Canada Council, might be less appropriate for the applied disciplines than for the traditional subjects in the humanities and social sciences.

EVOLVING ISSUES OF UNIVERSITY MANAGEMENT EDUCATION DURING THE SEVENTIES

As the Fifth Annual Review (of the Economic Council of Canada) noted, Canadian management schools entered the 1970's at a disadvantage. For historical and other reasons, their growth and quality had been inhibited by a lack of support within the university community, as well as from other bodies such as the Canada Council. Paradoxically, the governing boards of most universities included representatives from the private sector; also, the so-called "buffer agencies" (e.g., the Maritime Higher Education Commission, the Ontario Council of University Affairs, and other provincial grants commissions) had business representation. But

any effort they have made to improve management education and research in universities has yet to show itself. Management schools went through a long formative period, and only since 1977 have they acted collectively to formulate policy at the national level.[30]

Although the Association of Canadian Schools of Business (ACSB) was created in 1957, its activities were restricted mainly to its annual meeting. The Association did not succeed in providing leadership to the business schools or in developing a favourable environment for university business education. This association was replaced in the early Seventies by two new bodies: the Administrative Sciences Association of Canada and the Council of Deans of Faculties of Management and Business Administration. The former body functions as a learned society with about 20% of the management faculty as members; and the Council of Deans, during its early years of existence, was basically an informal group. However, both bodies have concentrated almost exclusively on their respective annual meetings, with little activity in between.

The major thrust for the expansion of university management education has come from the students. Since the mid-Seventies an increasing number have enrolled in professional subjects which allow them a comparative labour market advantage, in contrast to the diminishing employment opportunities for arts and science graduates. As a recent observer noted, "students seem

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[30] The Canadian Federation of Deans of Management and Administrative Studies, formerly the Council of Deans, has now been incorporated as a learned society representing all the management schools at Canadian universities. With its small permanent secretariat in Ottawa, the Federation conducts research on policy formulation geared to the interests of its member institutions, and functions as a liaison between the federal government and other bodies.

to be disillusioned with university education. They're avoiding the faculties of arts and sciences and are more interested in the vocational areas because they think that's where there will be jobs."[31] As an illustration, in 1977 and 1978 more than half of those hired by the federal government to fill positions requiring a degree were graduates of management faculties. Yet on a national level, management graduates constitute only 7% of all university graduates.[32]

An interesting phenomenon in recent years has been the rapid rise of female enrolment in commerce and business administration. Whereas during the Sixties women comprised less than 10% of full-time undergraduate students in commerce and business administration, the proportion of women has steadily increased to more than one-quarter. A similar trend exists at the graduate level where now every fourth MBA student is a woman, compared with less than 5% during the sixties.

The socio-economic characteristics of management undergraduates are different from those of students in arts and sciences. A significant number of the former come from families with no university background. This suggests that they may regard a degree in management as offering both the social status associated with higher education and a potential for greater earnings. The results of several surveys indicate that their perceptions, of financial returns at any rate, are sound. According to the Highly Qualified Manpower Survey of 1973, male management graduates had on average an annual income

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[31] As quoted in McLean's Magazine, March 19, 1979, p. 44b,...a similar shift towards vocationally oriented programs at Canadian community colleges is evident in the current increased demand for this type of education.

[32] Z. Zsigmond et al., Out of School - Into the Labour Force, Ottawa, 1978.

more than $2,000 higher than graduates of other disciplines. This higher income pattern was documented for 1974 and 1975 Ontario management graduates whose salaries were 10% to 20% more than those of arts and science graduates.[33] In addition, the unemployment rate of management graduates has been substantially below that of university graduates in general.[34] These good labour market prospects seem to be a major element in the decision of an increasing number of 18 to 24-year-olds to enrol in management and administrative studies programs. The result has been that more and more universities have had to formally or informally limit admissions to these programs, through either a quota system or by raising admission standards and stipulating earlier deadlines for applications. Very few management and administrative schools have been able to accept all qualified applicants. It seems ironic that a demand for university education cannot be met, despite the overall decline in enrolment during the last two years.

It is difficult, at this point, to determine if the increased demand for professional education is a cyclical and short-term phenomenon, or evidence of a structural weakness in the Canadian university system. It is probably a combination of the two; however, the author is inclined toward the structural interpretation. As was documented in "Business Education and Faculty at Canadian Universities", under-investment in university management education and research in the past has had detrimental consequences. Furthermore, as one authority has suggested "...Canadian society did make an enormous

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[33] Ministry of Colleges and Universities, Survey of 1975 Ontario College and University Graduates, Toronto, July 1978.

[34] A forthcoming national survey traces the labour force experience and behaviour of the graduating class of 1976, by field of study.

commitment to post-secondary education over the past decade, but in part it was an indiscriminate commitment, and in retrospect a sometimes mindless one."[35] Universities have been oriented toward the traditional disciplines and remain so to this day.

Questions about the basic educational philosophy and purposes of universities in today's society notwithstanding, the university community has reacted rather slowly to new realities. In addition," public opinion will not accept an institutional base and an academic establishment of the present size devoted solely to the pursuit of purely scholarly objectives, which tend to be divorced from pragmatic, professional and technical activities."[36] In more general terms, as the President of York University has observed, "...we are fundamentally lacking a position on the basic educational philosophy and purposes of universities in today's society."[37]

Complicating the situation is the funding pattern in some provinces. Financial support to universities is determined by the number of students and their field and level of study. Although the growing ranks of management students now generate substantial grants for the universities, these resources are not necessarily channelled back to the management faculties. For

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[35] John Carson, The Management of People in the 1980's, p. 3, Mel Williamson Foundation Lecture, McGill University, Montreal, October 4, 1978.

[36] As quoted in "The Contemporary University: New Crisis or Old Predicament?", p. 6, Address in the Distinguished Visiting Lecturer Series, University of Calgary, by W.M. Sibley, February 1, 1979.

[37] Ontario Economic Council: The University on the Road to 1984, in "Emerging Problems in Post-Secondary Education", p. 11, Toronto, 1977.

instance, it has been estimated that in Ontario less than fifty cents of every dollar produced by this enrolment is allocated to the management schools for operating expenditures. Furthermore, the situation has become even more precarious, now that total university enrolment is levelling off or declining and financial retrenchment has been instituted by almost all provincial governments. It is almost impossible for universities, whose budgets in real terms are declining, to reassign financial resources on a reasonable scale to growth areas, even if they perceive the need for it.

Formerly the private sector might have contributed to faculties in which it had a particular interest, but the increased responsibility shouldered by the government appears to be precluding such an involvement. In contrast to the experience of the United States, foundations such as Ford and Carnegie, as well as others, have supported strategic areas of higher education whereas, in Canada, this support is almost totally lacking. Moreover, professional associations and special interest groups such as accountants and the banking community who benefit directly from university management education, do not provide much direct support to the management schools. In addition, many in the university community do not seem convinced that such a realignment of resources is desirable or necessary and judge the shift in demand toward management education and other professional disciplines to be cyclical in nature.

However, indications are strong that in the labour market, management graduates are rather effective substitutes for many with liberal arts degrees even

though there seems to be a misconception that they lack the breadth of a liberal arts education. But, as already noted, at most Canadian universities, unlike American institutions, management is an honours program, entailing an additional year of study, higher academic standards, and a minimum number of courses in arts and science subjects. Almost by definition, these graduates have a labour market advantage because they have obtained an academic education with a professional career-oriented dimension.

The faculty of Canadian management and administrative studies schools are overburdened. Full-time equivalent enrolment now accounts for 12% of total university enrolment, but less than 5% of the full-time faculty teach management. A consequence has been that their class size and teaching load have grown, as reflected in the 30:1 student-teacher ratio, compared with about 13:1 for universities overall.[38]

Teachers in many other disciplines are supported by graduate students and research assistants; however, management faculty do not benefit from this supporting infrastructure. The masters level in business is a terminal

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[38] It should be noted that a direct comparison in student-teacher ratios could not be made because most undergraduate commerce and business administration students, particularly in their first and second year, also take arts and science subjects. At the same time, some business faculty teach management subjects to engineering and other students. Moreover, the student-teacher ratio varies substantially among the 42 management and administrative study schools.

two-year program, so the students do not necessarily have the undergraduate background that would enable them to provide such assistance.[39] Consequently, management faculty must perform many routine or time-consuming chores such as marking, tutorials, and other support functions.

Increasingly, management schools have been forced to rely on part-time faculty. In some instances, the full-time faculty are primarily occupied in co-ordinating part-time staff. Although the latter often provides an important, reality-oriented dimension to the teaching of business subjects, the imbalance between full- and part-time instructors has become a concern for many business schools. It has been suggested in recent years that the quality of management programs suffered because of the disproportionate use of part-time faculty. With few exceptions, part-time faculty are not involved in research or in the general concerns of the university community. Furthermore, students frequently express dissatisfaction with part-time faculty whose teaching experience may be limited and transitory.

Since the universities face an uncertain financial future and unpredictable enrolment, part-time faculty increasingly become the buffer or adjustment mechanism. With no long-term commitment for employment, a university has some flexibility and can make savings. It may be financially advantageous to employ part-time teachers who are paid on the average, $3,000 to $4,000

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[39] Graduate students have been described as "the footsoldiers of the professor" by Dr. J.G. Parr, Deputy Minister of the Ministry of Colleges and Universities in Ontario, in the Ontario Economic Council's "Emerging Problems in Post-Secondary Education", Toronto, 1977, p. 128.

for a three-credit course, compared to about $20,000 paid an assistant professor teaching two or three courses. But little is saved if the ultimate effect on universities is detrimental. The problem is not the use of part-time faculty, but rather the necessity of achieving a balance between full and part-time teachers.

On another level, the growing involvement of management faculty in the internal administration of the university may distract them from teaching and research. Moreover, because of their expertise, many provide consulting services to the public and private sectors and take part in community activities. With such claims on their time, opportunities for management faculty to undertake scholarly research have been restricted.

An additional hindrance to theoretical and empirical research has been the definition used by granting bodies like the Social Sciences and Humanities Research Council of Canada. For example, in the past "case research" and preparatory work for textbooks were not regarded as supportable, although a special Consultative Group is presently studying this problem,[40] which includes the potential lack of relevant academic journals in Canada.

As a result of these conditions, management research in Canada has not evolved as rapidly as had been hoped, some of the reasons having already

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[40] The Consultative Group on Research and Graduate Education in Business, Management and Administrative Studies will attempt to define the nature of research and examine graduate education and scholarships in this discipline. It is anticipated that a report will be available in the Fall of 1979.

been identified. Although increased attention during the last two years has been directed to the apparent under-investment which Canadian society has made in management education and research (particularly at the university level), the identification of these issues has not led to a major shift within the university community. This is with respect to either resource allocation or to explicit recognition in the form of federal or provincial support.

As early as 1969 the Economic Council noted that between 1951 and 1961, the proportion of Canadian managers who had some university education (not necessarily in administration or commerce) actually declined from 19% to 16%, whereas in the United States the proportion increased from 27% to 35%. In recent years, this gap has narrowed, but the percentage of highly qualified manpower who hold a university degree in management and administration is less than 8 percent, as identified by the Highly Qualified Manpower Survey of 1973.

Canadian universities presently graduate about 7,000 Bachelors of Commerce and Business Administration, 1,800 MBA's, and 12 Ph.D.'s out of a total of 100,000 graduates in all disciplines at all three levels.[41] Although in absolute numbers this is a substantial growth over the Sixties, in relative terms these shifts are less pronounced and remain well below the U.S. levels. In the case of business Ph.D.'s, where Canadian universities

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[41] In addition, it has been estimated that each year about 75 Canadians obtain their MBA degree in the United States, and about 12 obtain their Ph.D.'s in Business. Some of these graduates do not return to Canada.

produced less than ten graduates per year during the Seventies, the United States granted over a thousand Ph.D.'s per year during the same period. Thus, Canadian business schools had to rely on foreign-born or foreign-educated faculty, particularly from the United States. Unlike most other disciplines, however, where every second university teacher was non-Canadian, the proportion of Canadian teachers was substantially higher for the business faculty. This achievement requires special recognition in view of the fact that the demand for business faculty has been so exceptionally strong.

Canadian management schools are still facing the dilemma of finding qualified Canadian staff. It has been estimated that in 1979 there will be 150 full-time teaching positions in business subjects which are difficult to fill owing to the lack of qualified Canadian applicants and the increasing restrictions placed on the employment of foreign faculty. Judging from current doctoral enrolment trends, it is unlikely that the situation will change appreciably over the next few years. The fact that the universities are facing increasing monetary constraints compounds the problem. In addition, the demand for management education at universities continues to grow, particularly for part-time studies and for continuing education programs.

Another aspect which complicates the situation is the tendency of many university students to select one or more business courses as options, in order to enhance their employment chances in today's labour market.

At many Canadian universities, the management courses are restricted to students enrolled in the program. However, if the pressure from student demand continues, these restrictions may require modification which would have considerable implications for the business faculty and the resources required to fulfill this demand. It would also require a restructuring and revision of the business curriculum.

It is then, particularly important to ascertain the demand for university management education in the 1980's and the type of programs required. The changing environment and the socio-economic setting in which all forms of organization will have to operate requires a thorough investigation, especially with regard to the uncertainty and complexity of the external environment. Such an undertaking must be focussed on the national level, but at the same time address provincial characteristics. In this context, it must be noted that the French-speaking universities in the province of Quebec are fulfilling a leadership function by satisfying the increased demand in that province.[42] In contrast, Ontario universities such as Western, Toronto, Queen's and York, have remained rather restrictive in the number of full-time undergraduate students they are admitting, partly because of a lack of resources and the emphasis placed on their MBA programs.

It is an intriguing social and political question if, and how long, universities,

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[42] It is of interest to note that historically, the French-speaking universities of Quebec have a long and distinguished record in support of university management education.

through quotas, higher admission standards, and earlier deadlines for application can restrict the number of management students before a public reaction sets in and potential government involvement happens.

From a cost point of view, undergraduate management education is one of the least expensive programs yet generates a substantial income for the university community, as has already been noted. This is particularly the case at the present time, where the unit cost of instruction for undergraduate management students is declining, whereas in most other disciplines the unit cost, measured in constant dollars, is increasing. This phenomenon is advantageous, of course, for many universities, some of which are in financial difficulties. However, it might be detrimental to the quality of management instruction which, in many instances, has to rely on part-time faculty. To reiterate, the implications of this development for the research performance of management schools in the long run are difficult to assess, but there are indications that these trends further undermine the research endeavours of many faculty members.

In summary management and administrative studies schools receive, on average, at present, about 3 - 4% of the operating budget of the university system. They constitute less than 5% of the full-time faculty, but enrol over 12% of the undergraduate and graduate students. Their research endeavours are underfunded, particularly the doctoral support programs.[43]

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[43] A number of recent reports have addressed themselves to these and other issues: Management Enrolment & Faculty at Ontario Universities, 1972-73 to 1977-78 (Jan. 8/79); Current Issues in University Management Education (Feb. 20/78); Some Characteristics of Management Faculty in 1979 (Dec. 5/79); A Review of University Management Education in Canada (Feb. 21/78), all by M. von Zur-Muehlen, Statistics Can., Research Programs of University Management Schools in the Late 1970's (Dec. 78), by Anne Scotton; Proceedings of the Management Research Workshop, U. of Western Ontario, (May 26/78); and Six Background Reports on University Management Education in Canada (Mar. 25/78).

## A TENTATIVE ASSESSMENT FOR THE 1980'S

The development of university management education, especially during the Seventies, has been documented in a number of recent studies.[44] The consensus of these reports and the ensuing discussions has been that university management education and research in Canada is facing a grave crisis. This presents a unique opportunity and challenge. Subsequently, to deal with this challenge the issues must first be clearly identified and understood. How these problems are viewed is to some extent a matter of one's values and outlook, and the elements of a vested interest in, and a perception of the future.

This report has attempted to gather and interpret the appropriate evidence and the results show that university management education is at a crossroad: while the achievements of Canadian management and administrative studies schools have been considerable, the demand placed on them by increasing enrolment has placed many in a precarious position in fulfilling the expectations of our society.[45] For example, a submission by the Council of Ontario Universities indicates that while arts and science enrolment declined by 5.7% in 1978-79 over 1977-78, commerce and business registration increased by about 20%; in other years, arts and science enrolment decreased by 6.4%, while enrolment in commerce and business programmes went up by 8.7%.[46]

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[44] See some of the documentation identified in footnote 43.

[45] A possible reflection of these difficulties may be the high turnover of management deans. It has been estimated that less than 20% of the present deans held their position three years ago.

[46] Council of Ontario Universities' Brief to the Ontario Council on University Affairs, Who Pays the Price?, Toronto, March 1979, p. 22-23.

Some observers of the present university scene feel that the traditional university community is on a collision course with a society that requires more accountability and a greater relevance to societal needs. Obviously, any social organization is subject to change and universities are no exception; but the rigidities of the university system coupled with its self-interest make the necessary evolution arduous. An example of this problem is when difficult, almost impossible, decisions are required in order to reallocate resources from a declining base. In the non-profit sector, these decisions are exceedingly difficult to make and, if present trends continue, government might intervene. In a sense, the students have pre-empted the decisions of the universities and governments by selecting certain programs over others. As the Council of Ontario Universities, in its latest report, observes:

> The flight of university students from programmes in arts and science into professional programmes and the steady increase in community college enrolment are plain for all to see. These shifts in student preferences, reflecting their vocational interests, are now generating great pressures on the universities, external pressures to make them conform more closely to the ostensible requirements of manpower planning, and internal pressures to reallocate the fixed global resources on the basis of programme requirements developed to meet enrolment needs. Through all of this there is considerable danger that the traditional values of a liberal education in the arts and sciences will be submerged in the struggle to develop more professional and vocationally oriented forms of education.[47]

It appears that the universities are facing a structural problem, but this view is not necessarily shared by some in the academic community. While this issue needs to be explored more fully, it seems that traditional methods are no longer adequate to resolve the current dilemma. A confrontation

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[47] Council of Ontario Universities, "An Uncertain Future" (Review 1975-76 to 1977-78), Toronto, 1978-79, p. 38.

appears unavoidable, unless a more rational decision-making process is adopted within a reasonable time-frame.

One of the handicaps of the past has been the inability of the university management schools and faculty to act collectively in the national interest. Only recently have these 42 management schools incorporated into a national organization - the Federation of Deans of Management and Administrative Studies - to represent their interest. At the same time, regional groupings are evolving and the Administrative Sciences Association of Canada functions also as a learned society with its annual meeting.

As already mentioned, the Social Sciences and Humanities Research Council of Canada has established a Consultative Group on Research and Graduate Education in Business, Management and Administrative Studies. This group is comprised of a cross-section from the university community (deans, faculty, and a doctoral student), government and the private sector, and is addressing itself to the nature and state of graduate education and research in this discipline. A report from this body will be available late in 1979, and hopefully will offer solutions to some of the dilemmas described in this report. This is the first time that an opportunity exists to explore, in a national framework, the issues university management education and research are facing, and the results of this investigation might shape the developments for the 1980's in this area.

One of the unresolved issues in post-secondary education and research is

the role which the Federal Government is playing at present, and might play in the future. Although in recent years the federal involvement in post-secondary educational matters has shifted to the provinces, the Secretary of State recently quoted the Prime Minister saying that "the federal government also has responsibilities in the field of education."[48]

In many university disciplines such as the health sciences, veterinary medicine, agriculture and transportation, federal activities have been traditionally accepted, as well as its participation in manpower training at the post-school level. A Consultative Group report by the Canada Council has stated that

> Canadians are quite familiar with the arguments for investment by the federal government in facilities for the advancement of oceanography, of nuclear physics or astronomy. Analogous argument justifies federal investment at a limited number of points where the means for systematic knowledge of our society can best be developed.[49]

In university research, the federal role has a long tradition and has been instrumental in strengthening Canadian universities. Based on these precedents, the federal government in consultation with the provinces might identify management education and its development as an area of mutual responsibility. Government might also encourage the private sector to assume a greater role in the management training field. Historically, and compared with U.S. and European experiences, Canadian companies have been less active in the development of their managers.

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[48] Address by the Honourable John Roberts, Secretary of State of Canada to the Conference "The Humanities in Society: Towards a New Coalition", Ottawa, Ontario, November 22, 1978, p. 2.

[49] Canada Council, Consultative Group Report on Survey Research, Ottawa, April 1976, Part 1, p. 14.

As already identified, research on management is underfunded and handicapped by a number of other constraints. However, the two newly created Research Councils (SSHRC and NSERC) have identified a number of "national concerns"[50] with specially ear-marked funding. It might be possible that in the future these two Councils expand their list of "national concerns" to include "management" as an area of special support.

Federal research support might become increasingly more important on account of the funding restraints instituted by most provinces to curtail university expenditure. This has meant that the proportion of the operating budget available for research support is declining and therefore, federal funding assumes a much greater significance.

In this context, it is important to realize that research results in management from the U.S. environment might not be as applicable or transferable to the Canadian scene; therefore they require careful attention. As Professor Schneck has stated

> Wholesale and uncritical use of American social science, which may be very applicable in the United States, may be less than appropriate in a Canadian environment. The past and almost automatic Canadian emulation of the American business school in terms of goals, methods, models, practices, content and structure within the different milieux of Canadian history, culture and institutions, should be critically and empirically reviewed.[51]

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[50] The Social Sciences and Humanities Research Council has so far identified the strengthening of research resources, including deficiencies in libraries, and the aging of the Canadian population as priority themes for support. The Natural Sciences and Engineering Research Council is supporting the following areas as national concerns: energy, environmental toxicology, oceans, communications, food/agriculture.

[51] Rodney Schneck, "The Americanization of Canadian Faculties of Business", in Journal of Canadian Studies, Vol. 13, No. 2, Summer 1978, p. 106.

Similarly, the Social Science Federation of Canada has stressed the need for indigenous research:

> Hence, while social science findings from other countries may be suggestive of possible findings in Canada, such knowledge cannot simply be imported and assumed to apply in Canada. Knowledge about Canadian society cannot be produced elsewhere without the study of Canadian society. Not only is the concrete situation different but it cannot be assumed that theories and methods developed elsewhere are appropriate for the study of social phenomena in Canada. Knowledge transfer simply would not work in the social sciences. Hence, it must be assumed that the advancement of social science knowledge in Canada involves primarily the study of social phenomena in Canada applying theories and methods appropriate to the situation. It can also be assumed that the most significant contributions Canada can make to the advancement of social science knowledge are likely to be findings about social phenomena in Canada in the context of peculiar Canadian conditions.[52]

Already in 1975 the Commission on Canadian Studies observed that

> research programmes at Canadian business schools need to place more emphasis both on Canadian problems, practices and institutions, and on those of countries other than the United States... Encouragement and support are needed for research and teaching that are directly related to the facts and processes of Canadian business and management.[53]

The Task Force on Business-Government Interface, headed by Roy MacLaren in December of 1976, suggested that "on many Canadian business subjects competent research is either weak or lacking" and urges "the promotion of more Canadian business research by universities and other third party organizations, supported by both business and government."[54]

In other ways, Canada needs to emulate the experiences of the United States,

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[52] Social Sciences in Canada, Brief to the Social Sciences and Humanities Research Council, Vol. 6, No. 4, December 1978, p. 6.

[53] Commission on Canadian Studies (The Symon's Report), To Know Ourselves, Vol. I and II, 1975, p.

[54] Task Force on Business-Government Interface, How to Improve Business-Government Relations in Canada, A Report to the Minister of Industry, Trade and Commerce, 1976, p.

as Servan-Schreiber in The American Challenge had already noted 12 years ago.[55] Recently, in his article "A Parasitical Reliance on Imported Skills", Max Clarkson has developed further the theme that Canadian society needs to strengthen its management schools and emulate the advances in management education and research achieved in the United States, and reduce the heavy, almost parasitic, dependence on doctoral programs at U.S. universities.[56]

American business schools produce close to 50,000 MBA's each year as compared with 1,800 in Canada. At the doctoral level the discrepancy is, as already noted, greatest: over 1,000 in the United States and about a dozen in Canada. The American university community, government and the private sector, including foundations, were all much more prepared than their Canadian counterparts to place resources at the disposal of their business schools. It has been estimated that, on an average, U.S. universities allocate close to 10% of their operating budgets to management education, research, and related activities, as compared with 3 to 4 percent at Canadian universities.[57] In the afore-mentioned article, Professor Schneck noted that

> In the critical period of great growth, Canadian educators and university administrators were not committed to the development of strong research faculties of business administration. There was a large vacuum between the long and continued strong demand for commerce graduates, and the organizational response of Canadian higher education.[58]

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[55] J.J. Servan-Schreiber, The American Challenge, New York, 1968.

[56] Max Clarkson, "A Parasitical Reliance on Imported Skills" in The Canadian Business Review, Vol. 6, No. 1, Spring 1979.

[57] This percentage varies considerably among Canadian universities, from about 1% to 10% (in very few cases, this percentage is higher).

[58] Rodney Schneck, op. cit., p. 105.

It is becoming increasingly evident that the Canadian economy is entering the next decade at a disadvantage with regard to the financial resources made available to Canadian management and administrative studies schools. Even if the resources were forthcoming, the difficulties in staffing these schools for the next few years to train future managers, and to conduct the research required, would be formidable.

A recent survey has shown that there are, at present, well over 200 full-time university positions which need to be filled in management and administrative studies in 1979.[59] Some of these positions have remained unfilled by permanent staff for a number of years, since many business schools are looking for those with very specialized skills, together with distinguished Ph.D. training, for their new faculty.

Unlike many other disciplines, the demand for management faculty is an international phenomenon and, at the present time, there is increased danger that Canadian business schools will lose faculty to the United States where the environment has become more advantageous, particularly with regard to research support. A contributing factor is the recent difficulties encountered by the Canadian dollar which might be discouraging faculty from coming to Canada and might entice others to leave.

Another statistic is of interest: whereas in 1969, 75 Canadians were studying in the United States at the doctoral level in business, the

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[59] Max von Zur-Muehlen and C.J. Weidmark, The Demand for Management Faculty in 1979-80, April 1979; Canadian Federation of Deans of Management and Administrative Studies, Newsletter No.11, April 1979.

number has declined to 50 this year.[60] It could be estimated that, on the average, only 15 of them would graduate with a Ph.D. in business each year; some of them may already hold positions and others might not return to Canada.

Although there has been an increase in the number of full and part-time doctoral students in business from 64 in 1970-71 to 146 in 1977-78, the number of degrees granted has increased only from 4 to 12, respectively. It should also be remembered that some of those who receive their Ph.D. in business might already hold a university position, or might select a non-teaching occupation. Moreover, one-third of the full-time doctoral students belong to the foreign student category and might leave Canada.

From the present doctoral business enrolment pattern, it is possible to estimate the number of doctoral degrees to be granted for the next five years. These figures confirm that the number available for university teaching in Canada will be considerably below the effective demand, particularly if many management schools desire to strengthen the quality of their faculty.

It is an unresolved issue, relatively speaking, why so few Canadians have been prepared to undertake doctoral study in business. One explanation is that the starting salaries of MBA's are as high as those of assistant

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[60] A telephone survey of the 20 leading U.S. universities has shown that there are 46 Canadian doctoral students in business in 1978-79. At the MBA level, there were 103, 48 of them at Harvard. In 1979, there were an estimated over 200 MBA students at U.S. institutions, but this survey referred to 50 U.S. universities. (See Doug Angus's MA disserration "A Case Study of Canadian Students in Graduate Programmes of Business Administration at U.S. Universities", University of Ottawa, 1973)

professors teaching at Canadian management schools, after spending an additional 3 to 5 years of study, without income and having limited financial assistance. According to Business Week,[61] an MBA's average annual starting salary is well above $20,000, as compared with the starting salary for assistant professors of $21,000 in 1978-79.

Another factor might be the inadequate financial assistance in the form of fellowships available for business students. As was documented earlier in this report, the number of doctoral fellowships awarded by the SSHRC (formerly the Canada Council) has been small - hardly any until the mid-1960's - then increasing to a high of 68 in 1971-72, but since then declining to 21 in 1976-77. It has been estimated that only one out of ten full-time doctoral students at Canadian management schools have been supported in recent years by this fellowship program, as compared with one-third in many of the other disciplines of the social sciences and humanities.[62]

A difficulty the Canadian doctoral programs in business have been faced with is the amount of attention and resources which have been made available to them. These programs evolved slowly at Western, Toronto, U.B.C. and the joint program of four Quebec universities (Concordia University, Ecole des Hautes

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[61] "Demand is Soaring for MBA Graduates", in Business Week, January 15, 1979.

[62] It seems ironic, with hindsight, that the Canada Council expanded its doctoral support program in the early seventies when the demand for Ph.D.'s in most disciplines seemed to contract. The Council supported in 1970-71 2,456 doctoral students - 313 of them in English and 257 in history. This number has declined to about 1,300 in recent years, but proportionately the decline was much greater for business fellowship holders, from 2.8% in 1971-72 to 1.4% in 1976-77. The author has addressed himself to the Ph.D. issue in a number of publications: Economic Council of Canada, Canadian Higher Education in the 1970's, "The Ph.D. Dilemma in Canada: A Case Study", 1972; "The Doctoral Fellowship Program of the Canada Council in Review", Secretary of State, 1976, The Canadian Journal of Higher Education, "The Ph.D. Dilemma Revisited", 1978.

Etudes Commerciales, McGill University, and Université du Québec à Montréal). Others such as Queen's and York were held back on account of funding restraints instituted by the provincial government. The result of these and other impediments has been that the number of doctoral degrees granted has remained miniscule in relation to the continued strong demand and the needs of Canadian society, including government and the non-profit sector.

The Royal Commission on Financial Management and Accountability has also noted that "a serious malaise is pervading the management of Government". University and government have been, for reasons already mentioned, slow in reacting to the structural changes which are taking place.

Whereas about 6% of the university student population were enrolled in management and administrative studies programs during the Sixties, this proportion has doubled to over 12% in 1978-79 and in all likelihood might increase further to 18% in the 1980's provided that the management schools could accommodate these numbers; a percentage which would still be below the United States' participation rate of those who major in business subjects. In the case of Canada, if the opportunity exists an increasing number of arts and science students might welcome the choice of taking some business courses as electives. In many management programs this is presently not possible. Frequently, students who have not been admitted into the regular management and administrative studies programs elect to study in other arts and science programs with the hope that they would have an opportunity to transfer into the regular management programs in their second or third year.

The universities in most provinces welcome any students because their funding is driven by enrolment on a per capita basis. This has also led to a lowering of admission standards in many universities. In contrast, management schools have increased requirements for admittance as a screening mechanism. Nevertheless, thousands of qualified applicants are unable to enrol on account of formal and informal quota systems and this trend seems to be getting stronger. A recent telephone survey for anticipated enrolment trends has shown that the number of applicants, particularly at the M.B.A. level, seems to be exceedingly strong for 1979-80.[63]

It has been reported that American lesser known post-secondary institutions are increasingly offering part-time M.B.A. programs in Canada on a correspondence and week-end residential basis. The quality of these programs are subject to doubt, but this seems to indicate a demand for a kind of service which Canadian universities are unable to fulfill.

As already noted, there has been a spectacular increase of female enrolment in management and administrative studies, particularly at the graduate level, from a few percentage points to over 20% for MBA's; and this trend is likely to continue.[64] Another characteristic of the management and administrative studies programs, is/would in all likelihood affect those that enrolment restrictions who are disadvantaged, and females in particular, partly because they are less mobile and have financial barriers to overcome. This becomes a

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[63] This survey was undertaken by C.J. Weidmark and the results of it will be published in the forthcoming issue of the Newsletter of the Canadian Federation of Deans of Management and Administrative Studies. April 1979.

[64] It appears, as an illustration, that Canadian financial institutions will hire an increasing number of MBA's; a demand which is disproportionate to the current and anticipated supply for the next few years.

social question giving cause for concern.

There seems to be a prevailing opinion in the university community and also in some governmental bodies that the trend for professional programs might soon reach a saturation point, thus no change in policies is required nor adjustments in funding and its mechanism. This seems unlikely since, as already noted, the income level of management and administrative studies graduates is substantially above those of arts and science graduates and unemployment and under-employment levels are substantially lower.[65]

There is documentary evidence that for the late 1970's and early 1980's the proportion of university graduates obtaining a position where a university degree is traditionally required, will be limited.[66] During the last 15 years a sizeable group of liberal arts graduates were hired by the public sector in government and education. The employment opportunities including the replacement demand,in those sectors has been drastically reduced. Only every second university graduate would therefore be able to fill a position in this traditional manner. The management and administrative studies graduates, who would constitute only 10% of the graduates would have a comparative advantage that would be difficult to overcome in the labour market of the 1980's. Therefore, it seems necessary that the non-directive approach which has prevailed during the Seventies requires a much more pro-active

[65] According to a Globe and Mail article, (April 2,1979, p.7), the growth in income level of professional categories was most pronounced for accountants. Using 1971 as a base of 100, their income index has gone up to 213, as compared with 154 for lawyers and 117 for the medical profession.

[66] See Z.Zsigmond's Out of School: Into the Labour Force, and Richard B. Freeman's The Over-Educated American, Academic Press, 1976.

involvement. As a pre-condition for this type of decision, it would be necessary to undertake a comprehensive demand study for management education in the university sector and its implications for the faculty requirements and the financial consequences.[67]

There are a number of suggestions which could be made in this context. Since the availability of management faculty is one of the most critical variables, the universities, with the assistance of governmental bodies, might consider giving other faculty whose specialties are less in demand an opportunity to re-orientate themselves to teach in management schools. This might require special leave arrangements, already instituted in some universities, to obtain additional qualifications. This approach is particularly applicable to those faculty members whose basic disciplines have been the social sciences and applied mathematics. This could be achieved by a specially designed program during either the summer or the regular academic year. In this context, it might be noted that a large proportion of the present management faculty had obtained their doctoral qualification in disciplines other than business, and the above suggestion is an extension of the existing pattern. Such a program could be accomplished with a minimum of dislocation for the individuals, reasonable expenditures, and an acceptable time-frame.

In conjunction with the re-deployment of faculty members from other disciplines, there is an urgent need to develop research methodology workshops for the

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[67] Professor Bert Hansen of the Ontario Institute for Studies on Education, has developed an interesting model which could simulate such a demand exercise in a systematic fashion, and the various scenarios which could then be developed, could serve as a basis for more rational decision-making. Particular attention might need to be paid to the "cobweb" phenomenon which, in many disciplines is creating cycles of surpluses and shortages. In the case of management graduates, the possibility of substituting these graduates for others is a special issue which needs to be investigated.

management faculty.[68] As has been shown, the research tradition of Canadian management schools has been handicapped by underfunding and the increasing demand placed on the faculty for teaching. In addition, the rapid growth in the number of full-time management faculty and the changes which are occurring in the teaching of the management discipline makes it important to strengthen the research function of Canadian management and administrative studies schools.

As it was pointed out before, the definition of research used and the procedures employed by the granting councils seems to have placed faculty members in management schools at a disadvantage.[69] An analogy to the experiences of the medical sciences seems more appropriate than the criteria utilized by the more academic disciplines. It has been suggested that the consulting activities of management faculty members distract them from the academic research. In this context it needs to be realized that some consulting is the laboratory of the management faculty providing them with a reality orientation and the relative research experience of their teaching. Moreover, the proportion of management faculty who are extensively involved in consulting

[68] This issue was identified and explored at a specially convened symposium by the Federation of Deans and the Administrative Sciences Association of Canada in May 1978, and a paper by Professor Ronald J. Burke of York University had suggested "A Potential Model for a Research Methodology Workshop". (See the Proceedings of the Management Research Workshop, University of Western Ontario, London, Ontario, May 26, 1978, prepared by Donald M. Caskie and Max von Zur-Muehlen, Canadian Federation of Deans of Management and Administrative Studies).

[69] One difficulty is that some faculty members are eligible for research support by both the SSHRC and/or the NSERC, and there is a need for a clearer definition of the jurisdictional boundaries, and the criteria used. The two granting councils have very different methods for their selection process of research grants. The SSHRC relies almost exclusively on the project proposal itself, based on a peer-evaluation process, and with a minimum of explicit recognition of the past achievements of the applicant. This procedure might need to be reviewed, but such an undertaking would exceed the limits of this report; however, the Consultative Group is addressing itself to this question.

is small. Those who are involved in consulting to the private and public sectors, in most instances, are also heavily involved in academic publishing,[70] but a more thorough documentation and analysis is needed.

The apparent scarcity of management faculty might be in the short term partly overcome by making greater use of visiting appointments from the private and public sectors. At the same time, one might consider instituting, on a larger scale, the involvement of management faculty members, during the summer months especially, in improving the managerial capabilities of the federal government. Both the Auditor-General and the Comptroller General have identified the need to improve the efficiency of management in the public sector, and the management schools might be in a strategic position to address and assist in overcoming the identified managerial weaknesses of the federal government. It appears that the management schools collectively need to pursue a much more pro-active role in these matters. A separate investigation of this and related topics is needed.[71]

Faculty members have been experiencing difficulties in publishing their research results particularly those subjects which were Canadian in nature. There appears to be a need for a Canadian journal addressing itself to the multi-disciplinary nature of management education and research.

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[70] See the Mark Thompson and Vance Mitchell study, Canadian Contributions to Business Administration Journals 1970-1974, in "Journal of Business Administration", Vol. 8, No. 1, Fall 1976, and the recent update.

[71] Preliminary discussions by the Canadian Federation of Deans have already taken place, but a more structured approach is required.

The Journal of Business Administration of the University of British Columbia could become such a vehicle if adequate funding is provided and its present orientation modified.

Another possible solution is that those Canadian articles which appear in American and other international journals might be regularly reproduced in reprint form compiled for the Canadian audience.[72] The doctoral dissertations from Canadian management schools also need to be made more widely available, as well, the question of how these research results would be directed to wider audience needs to be addressed.

The development of indigenous doctoral programs at Canadian management schools requires a thorough analysis. For some of the reasons already identified, the number of Ph.D.'s granted is well below the demand and special measures appear to be needed to encourage Canadians to study at that level. The present doctoral fellowship program of the SSHRC does not seem an effective mechanism to overcome the existing or perceived difficulties. There might be room to develop special incentive programs for doctoral study, particularly for those present faculty members who desire, but for financial reasons are not able, to pursue doctoral studies. This applies especially to some faculty members in the Atlantic provinces and to the smaller schools whose research orientation needs to be strengthened. There also might be an opportunity to create endowed shares for management,

[72] The Ecole des Hautes Etudes Commerciales and other Quebec Universities have developed a journal of their own "Gestion-Revue internationale de gestion", which is highly successful and is directed in French to a large international audience.

possibly funded jointly by the public and private sector. Within the national context, only the Bronfman Foundation has provided substantial support for the management and administrative studies schools, at a magnitude of one million dollars.[73]

In this context, it is interesting to note that according to the Council of Ontario Universities:

> In overall terms the national data indicate that the overall percentage of profits allocated to public donations has been declining each year, despite increased corporate profits. Within this decreased level, corporate support for universities has also been declining as a percentage of overall giving... In specific terms, support for higher education has dropped from 37.1 percent of the donation dollar in 1971 to less than 25 percent in 1977.[74]

One might suggest that corporate support, particularly from the accounting and banking fraternity, might be more readily forthcoming for management education and research which is of direct relevance to this sector if concerted action is taken on behalf of the management and administrative studies schools.

The situation of the doctoral programs in business at Canadian universities needs to be reviewed and adequately funded. Four Quebec universities have developed a joint program which might serve as a model for Ontario, where Toronto, York, Queen's and McMaster might create a similar type model.[75]

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[73] For discussion of the Bronfmann Foundation Seagram Business Fellowship Program, see in Six Background Studies, "An Analysis of the Bronfman Foundation Seagram Business Fellowship Program", by Max von Zur-Muehlen and Donald M. Caskie.

[74] Council of Ontario Universities, Who Pays the Price?, p. 32.

[75] McMaster has also developed a doctoral program in management sciences, and Waterloo University also offers doctoral studies in this area.

It would be necessary to review the requirements for doctoral study in business in light of the past experiences and the anticipated developments for the 1980's. Such a curriculum review might be extended to the teaching of undergraduate and master level instruction as well.[76]

Another area where research is needed deals with the cognitive and non-cognitive skills required of future managers and how the present programs fulfill these requirements. As the Commission on Canadian Studies has noted, there is an urgent need for in-depth study of the professional disciplines. As indicated in many of the footnotes, there is a scarcity of comprehensive investigation on almost all facets of management education and research in Canada; especially in the kind and type of continuing education, and who should undertake it, seems to be an area where studies are needed.

On account of resource limitations, it appears that the universities have concentrated on their regular degree programs and have been unable to fulfill the demand which is manifesting itself for retraining and upgrading. These considerations will become increasingly important for the 1980's, and there is a pressing need to address these questions from a national perspective. The forthcoming October conference on "Managing in the 80's" might serve as a forum for dialogue with the private sector about the direction management education and research needs to take.

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[76] Stan Shapiro of McGill University, with the assistance of David Keys, is presently analyzing the structure and content of management and administrative studies programs. This project is supported by the Economic Council, and the results will be made available by the Canadian Federation of Deans.

The universities alone are unable to fulfill the demands which are placed upon them, where they could only allocate 3 - 4% of their operating budgets to one discipline which serves more than 12% of the students. This dilemma needs to be addressed from different vantage points, and although many recent studies have identified the predicament "management" is facing, few solutions have yet been provided to alleviate the problem. Most of the parameters of these issues are clear, and the documentation provided in this report, together with the references identified could serve as a starting point for policy analysis. As suggested, the two granting councils (SSHRC and NSERC) might identify jointly "management" as a national concern, requiring research and analysis, and subsequent remedial action.

The federal studies have increasingly identified management as a strategic deficiency, both in the public and private sectors, and federal as well as provincial support is needed to overcome some of the institutional barriers which seem to exist. Many in the university community have perceived these issues as short-term, transitory phenomena, rather than basic, structural and long-term weaknesses, and consequently only limited corrective measures have been taken. In 1969-70, in an Economic Council of Canada Special study, Business Education and Faculty at Canadian Universities, this author, ten years ago, noted many of these difficulties and they remain as relevant today as they were then.

> The lack of involvement of the federal government and their agencies in management education and training appears to be regrettable when the preconditions for economic development

> in Canada depends to a large extent on the availability of highly trained managerial capabilities and know-how, and a shift in governmental policy appears to be warranted in order to support directly some of the afore-mentioned suggestions.
>
> Faculty development is probably the most critical issue that university business education in Canada is facing today. The accomplishments of Canadian business schools during the last decade deserve recognition in spite of serious omissions and lack of imagination and initiative on the part of both the faculty and university administration. During the 1960's, expansion of the business faculty was the outstanding feature of university business education in Canada. In the next decade the business schools might well concentrate on qualitative improvement in their faculty, research activities, and teaching programs. If these pre-conditions are fulfilled, the business faculty may become one of the more imaginative and progressive forces in higher education.[77]

In conclusion, the Task Force on Business-Government Interface, among others, has strongly recommended more extensive research on management. The need seems more urgent than ever. Although the existing granting councils have provided some support, their terms of reference and selection criteria appear to be inappropriate to the kind of undertakings a new Management Research Council might advocate, e.g., entrepreneurial studies, management training programs for small-scale enterprises, analysis of bankruptcies, curriculum development and exploration of the skills managers will require in the 1980s. Some of these activities are already carried out by the 42 management and administrative studies schools, but they lack adequate resources and an overall framework. A Management Research Council could become the focal point for study and research, not only for the private sector, but just as importantly, for the public sector, as identified in the recent report of the Royal Commission on Financial Management and Accountability the council might be a tripartite creation of the government, industry and the university community.[78]

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[77] Max von Zur-Muehlen, Business Education and Faculty at Canadian Universities, Economic Council of Canada, January 1971.

[78] Appendix B develops a potential model for such a Resource and Co-ordinating Council.

APPENDIX A

THE CONSULTATIVE GROUP ON RESEARCH AND GRADUATE EDUCATION IN BUSINESS, MANAGEMENT AND ADMINISTRATIVE STUDIES

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Terms of Reference

1. To define the nature of research in business, management and administrative studies, especially as it relates to Canadian needs and aspirations; to consider the effects of the discipline's professional status on such research; and to determine whether any general conclusions might be drawn from the review which relate to all professional disciplines.

2. To survey the state of research in business, management and administrative studies, taking into consideration the amount being carried out; the methods employed, its scope, quality, theoretical perspectives and sources of funding.

3. To examine graduate education in business, management and administrative studies as it relates to advance research being carried out by students and professors.

4. To make recommendations to the profession, university faculties and administrations, governments and granting councils aimed at improving scholarship, research and research-related graduate education in business, management and administrative studies, particularly as they reflect national concerns.

MEMBERSHIP - CONSULTATIVE GROUP ON RESEARCH AND GRADUATE EDUCATION IN BUSINESS, MANAGEMENT AND ADMINISTRATIVE STUDIES

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APPENDIX B

# Draft Proposal for the Coordinating Council on Management Development

By:
Alf Chaiton and
Max von Zur-Muehlen
April 17, 1979

DRAFT PROPOSAL

Rationale

A number of organizations and reports have drawn attention to the impediments which exist with regard to management in Canada. In particular, the Canadian Federation of Deans of Management and Administrative Studies and the Administrative Sciences Association of Canada (ASAC), the Economic Council of Canada, and most recently, the Auditor-General and the Lambert Royal Commission on Financial Management and Accountability have focussed on the managerial weaknesses which seem to persist, both in the public and private sectors, and the inadequate resources which are available for management education, development, and research, especially at the university level. In order to plan and develop appropriate managerial responses for the 1980s, the creation of a coordinating body has been suggested, and is here submitted for discussion purposes.[1]

Name

The Coordinating Council on Management Development

Purposes

i. To strengthen the managerial capability of the private and public sectors in Canada.

ii. To coordinate the efforts of business, government, and universities to improve the performance of management in Canada.

[1] Independently the Consultative Group on Research and Graduate Education in Business, Management and Administrative Studies of the Social Sciences and Humanities Research Council is exploring certain facets of these issues, as is the Canadian Federation of Deans of Management and Administrative Studies. This proposal will be presented to the Consultative Group and to the Federation's general meeting and the Annual Meeting of ASAC late in May, 1979. The Federation, in conjunction with the Economic Council, the Science Council and other bodies, is convening a major conference on "Managing in the 1980s" in October, 1979, involving primarily the private sector and the university community.

Objectives

i. To create awareness of the importance of the managerial role in our society.

ii. To identify the conditions necessary for effective management.

iii. To identify the characterisitics that make for successful managers.

iv. To develop the structures and content necessary for management development.

v. To disseminate widely the results of the Council's activities.

Structure

i. Advisory Board, composed of members of the public, business,[2] government,[3] and university community.[4]

ii. Executive Director.

iii. Research Director.

iv. Secretariat.

Location

To be determined.

Sources of Funds

i. Business

ii. Government

iii. Universities

iv. Others, e.g. Foundations and private individuals

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[2]"Business" includes the private sector, both profit and non-profit, labour, and special interest groups.

[3]"Government" includes federal, provincial, and municipal, and governmental agencies.

[4]"University" includes all post-school institutions.

Functions

i. To conduct and sponsor research on issues related to management performance.

ii. To prepare Canadian teaching materials for use at the post-secondary (post-school) level.

iii. To utilize the resources of the management and administrative schools at Canadian universities and colleges.

iv. To monitor the activities of other countries on management development and research.

v. To facilitate communication among those sectors of the economy who are involved in management.

vi. To inform the public of important management issues.

Budget (Annual)

| | |
|---|---|
| Operating and related expenses | $150,000 |
| Sponsored activities | 1,350,000 |
| TOTAL | $1,500,000 |

Procedures for Implementation

i. Development of Terms of Reference.

ii. Incorporation

iii. Appointment of Officers

iv. Selection of Advisory Board

v. Identification of major projects

vi. Direction and supervision of the projects

vii. Publication and dissemination of the results